



1 High-Yield Dividend Stock to Buy and Hold Forever

Description

Forever stocks are like the Holy Grail for long-term investors. These are stocks that investors can purchase shares of and then simply forget about, as it grows their wealth through capital gains and dividend income. Are you wondering what could be a forever stock you can consider for your portfolio?

To this end, I am going to discuss **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). It is a stock that does not just provide [reliable dividends](#). It also increases dividends each year. At writing, the stock has a dividend yield of 5.91% for a share price of \$56.30. For a blue-chip stock, 5.91% is a high dividend yield.

High yield is not enough

A high dividend yield is not the only factor that makes a stock attractive. It needs to have the ability to sustain its payouts and to increase the payouts routinely. BCE has increased its dividend by over 16% in the past three years, with a compounded annual growth rate (CAGR) of over 5% per year.

As an investor, it means you can earn substantial amounts over time from your initial investment. If BCE continues its current dividend-growth rate, it can double its payouts to its shareholders in around 15 years. Apart from the dividend increase, the 5% increase in yearly dividends can also help you offset the rate of inflation.

Inflation and depleted returns

Consider that you chose a stock that offers a similar dividend yield, but it does not increase its payouts yearly. Over a decade of inflation, your inflation-adjusted dividend yield will decrease by a substantial margin. Inflation is a part of the economy, and the rate can vary. However, it is a fact that inflation does not stop.

Dividend stocks that cannot beat the inflation rate cannot become an attractive option for long-term investors as opposed to a stock like BCE that increases its dividends each year. If you hold the dividend-paying stock in a Tax-Free Savings Account, you also stand to earn the dividend income free

from any taxes by the Canada Revenue Agency.

Market dominance

BCE is a dominant operator in Canada's telecom sector. There are three companies that make the most income in Canada's regulated telecom industry, and BCE is among them. It has diversified services, including home internet, wireless internet, and media operations. BCE has shown sustained growth in its subscribers, despite the [COVID-19 pandemic](#).

The company has made ideal acquisitions in the past five years. BCE is well positioned to produce better returns for its shareholders. Among the measures it has taken to boost revenue is investing billions of dollars on improving its fibre-optic network. And it is prepared for the rollout of 5G: the next generation in wireless network technology.

Foolish takeaway

At its current share price, BCE is up 21.23% from its March 2020 slump, and it seems to be performing much better than most other companies trading on the TSX.

Between its solid performance over the years, the essential nature of its services, and its prospects for growth in revenue, I think BCE can be the perfect forever stock to consider for your investment portfolio.

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